

July 1, 2002

Michael K. Powell
Chairman
Federal Communications Commission
445 12th St., SW
Washington, DC 20554

Dear Chairman Powell:

Thank you for the opportunity to provide comments to WC Docket Number 02-60, the Notice of Proposed Rulemaking by the Federal Communications Commission for the Universal Services support mechanism.

Blue Cross of California administers a large statewide telemedicine program comprised of more than 40 rural primary care locations and 5 specialty centers serving 22 counties in California. Key to the implementation and sustainability of the telemedicine programs within our network is access to an affordable telecommunications infrastructure. The Universal Services Support Program has assisted several locations within our network. Hopefully, through the FCC's current review process, this support program will be available to more rural health care providers in need. To that end, we offer the attached comments for improvements to the Universal Services support program that will expand the definition of eligible health care providers, streamline the application process, and modify the calculation of the discounted services.

Thank you for your efforts to improve telecommunications infrastructure in rural America.

Sincerely,

Alec R. Cunningham
Staff Vice President
Blue Cross of California, State Sponsored Programs

**Reply Comments – FCC Proposed Rulemaking
Rural Health Care Universal Service Support Mechanism
WC Docket No. 02-60**

BACKGROUND:

Blue Cross of California, the California operating division of Wellpoint Health Networks, Inc., administers a large, statewide Telemedicine Program. Blue Cross launched this first-of-its-kind rural telemedicine program in July 1999. The program was made possible through an initial \$1.8 million Rural Health Demonstration Project award that the Company received in October 1998. The initial award and subsequent grants totaling more than \$2.7 million were issued from the Managed Risk Medical Insurance Board (MRMIB) as part of the Healthy Families Program, the state-sponsored insurance program offering low-cost health, dental and vision coverage to children of low-income working families. Based on the grants awarded by MRMIB, the target populations for Blue Cross' telemedicine program encompassed not only rural Health Families Program members, but also rural Medi-Cal members throughout California.

The Blue Cross of California Telemedicine Program, in conjunction with key strategic partners throughout California, manages a network of more than 40 primary care sites and 5 specialty centers providing care and continuing medical education opportunities for 22 counties throughout California. We have witnessed improvements in access to care for our target populations and increased continuous medical education opportunities for our rural providers. In order to develop and sustain these programs, an available and affordable telecommunications infrastructure is key. However, such infrastructure has been challenging for our network of sites to obtain and afford to maintain.

The Universal Service Program has been an important support mechanism for several of our locations to achieve their telecommunications objectives. While the full potential of the Universal Services Program has not yet been realized, the FCC's efforts to improve accessibility to the program are to be commended. Thank you for the opportunity to provide input on the proposed rulemaking from the perspective of an administrator for an extensive rural telemedicine program.

REPLY COMMENTS:

1. Eligible Health Care Providers

The Commission should consider expanding the list of eligible providers beyond the current seven. Two modifications to eligibility may easily be implemented – removing the distinction between the eligible provider and the services they provide and adopting a more expansive definition of “rural”:

a. Eligible Providers and Associated Services

Access to Universal Services Support should be granted to all of the health care related services provided by an eligible entity. Given the nature of rural health care delivery, each health care location must offer a wide variety of services to support the needs of their community. The current structure of the Universal Services Program may eliminate access to telecommunications support based on additional services being provided by the organization. For example, while a not-for-profit hospital is eligible, the long-term care facility operated by the hospital is not eligible. Additional services provided by an eligible organization should not be exempted from accessing Universal Services Support.

b. Definition of “Rural”

The Commission should consider adoption of a more inclusive definition of “rural” such as that of the Bureau of Census – non-urbanized areas. The “non-Metropolitan Statistical Area”, county-level definition may exclude rural communities based on a populous subset within the county. As is the case in western states, county boundaries are vast. For example San Bernardino County, California encompasses more than 20,000 square miles from the outskirts of Los Angeles County to the Arizona and Nevada borders. Clearly communities in the eastern county face the rural access needs supported by Universal Services; however, they are presently excluded based on several populous cities in the western portion of the county. The Census Bureau’s “non-urbanized area” would allow more rural providers to apply for needed support.

2. Streamlining the Application Process

The application process should be simplified to expedite the approval process and remove barriers to accessing the Universal Services Support:

a. Minimize the Application Steps

The application process should be minimized to 2 phases - verification of eligibility and approval of the specific telecommunications support needed. Streamlining to these 2 phases should also focus on minimizing the required forms. The length of the approval process and the volume of forms needed have proven too daunting for several of our heavily tasked rural centers within the Blue Cross of California Telemedicine Program.

b. Enforce the Accountability of the Telecommunications Organizations

The telecommunications company (telco) input necessary to complete the application process should be set to a structured and enforced timeline. Support for a rural health care provider is clearly not prioritized by the telco; thus, they are not motivated to complete their portion of the application process in a timely fashion. Months can pass with numerous follow-up attempts pursued. An enforced timeline with monetary implications (e.g., discounted rates to be offered until the completion of their portion; fees imposed if deadlines are missed; etc.) should expedite the telco step in the application process.

c. Automate Renewal Process

If no substantive change has occurred during the previous year of service, both the provider and the telco should have the opportunity to simply re-certify the forms on file to renew the support.

d. Minimize Initial Costs While Under Review

The current requirement that the rural health care provider pay in advance for telecommunications services during the lengthy Universal Services approval process is in direct contradiction to supporting their access need. A rural health care provider in need of this support cannot bear the burden of the costs while waiting for potential approval and reimbursement from Universal Services. Once eligibility is established, the telco should be required to bill at the discounted rate while the approval process is under review. Thus, the telco will be motivated to complete their portion of the

application in a timely fashion and the health care provider can maintain their services during the formal review.

3. Calculation of Discounted Services

The following modifications to the current calculation of the discounted services are recommended:

a. Similar Services

The Similar Services comparison within the calculation should take into account both bandwidth and functionality needed by the health care provider. Work-around solutions will not be effective if they do not meet the needs of the location. An example of this is the comparison between ISDN and DSL. DSL is often available in rural areas and provides significant bandwidth. However, DSL does not provide the two-way, real time video conferencing capability of ISDN that is needed for telemedicine. Unless the overall functionality needed by the requester is considered, the service support will not be adequate.

b. Comparable Urban Area

To establish a more realistic comparison of urban versus rural telco rates, the calculation should use any urban center within the state. This comparison should not be constrained to the nearest center with a population of greater than 50,000. California has many centers with populations of 50,000 or more. However, the negotiating power and volume of a Los Angeles or San Francisco more realistically demonstrates the cost differences between urban and rural communities.

c. Maximum Allowable Distance

The Maximum Allowable Distance (MAD) category should be removed from the calculation of discounted services. The MAD presumes that the geographically nearest urban center will have the resources sought during the telemedicine encounter. Unfortunately, given the shortage of specialists and the needs of certain patient populations, the rural provider must seek specialist care wherever it can be accessed.

To address access needs, the Blue Cross of California Telemedicine Program established an “open network” model to allow primary care locations to connect to any one of 5 specialty centers. For example, a Del Norte County primary care site on the Oregon border is able to access a pediatric neurologist in Los Angeles County for a telemedicine consult. This pediatric neurology consult was not readily available in the nearest “urban” center of 50,000 or more as the MAD assumes.

In most cases, services will be sought within the state through a specialist licensed to practice in the state. Therefore, rather than the MAD, the calculation of discounted services should use the true distance needed to reach the specialist services. This distance can be either to the nearest telecommunications backbone capable of supporting the need or to the furthest border of the state. This modification would more appropriately set the calculation to represent the connections being pursued.